

office in the downtown Miami federal building.

Bailor said that the records would not be used in IRS civil prosecutions but that "more than 30" IRS agents would be needed to process and screen the Bank of Perrine records alone.

Bailor is an attorney in the criminal prosecutions section of the Tax Division of the Justice Department.

Banks involved in the investigation are in the Netherland Antilles, the Caiman Islands, Panama, Canada, and the Bahamas, Bailor said.

DOCUMENTS PRODUCED by Josephberg during the hearing, in an effort to prove that the grand jury probe was only a cover for IRS civil procedures, showed that banks, stock brokers, investors and corporations in Chicago, Des Moines, Fort Lauderdale, Las Vegas, Miami, New York, San Francisco and Los Angeles, are already under investigation.

The documents allege that the Castle Bank and Trust Co. and Aruba, Bonaire, Curacao Trust Company Ltd., are under investigation for alleged criminal activities in connection with the secret U.S. accounts.

Other funds or accounts are alleged to be contained in the Bank of Perrine and the Second National Bank of Miami, the American National Bank of Chicago, the Irving Trust Co. of New York and Chase Manhattan Bank of New York. The grand jury is seeking information on all the accounts involved.

Bailor said that one attorney, Harry Margolis of San Francisco, has been indicted for his alleged part in funnelling money through the ABC Trust and the Curacao Trust Co. for his clients. IRS intelligence documents show that Margolis represented as many as 200

persons under investigation by the IRS.

THE CURRENT probe into the secret tax accounts is being conducted by the federal grand jury in Miami with William D. Hyatt, criminal prosecutions attorney, Justice Department Tax Division, acting as legal adviser.

But Bailor told Eaton that a request has been made to Chief Judge Charles B. Fulton of the U.S. Court for the Southern District of Florida, to appoint a special, long-running grand jury to complete the investigation.

Bailor said a probe of the Castle Bank in 1974 was stalled because Bahamian records were unavailable, but they since have been secured by the government.

Josephberg said that his clients were not defendants in the probe nor a target of the probe, but were seeking to protect the confidentiality of their customers.

(Mount Clipping in Space Below)

Probe Into Secret Bank Accounts, Tax-Evasion Schemes Centered Here

By JOE CRANKSHAW
Herald Staff Writer

A massive federal grand jury probe into allegations that nationally prominent entertainment and professional figures used secret bank accounts in five foreign countries to evade U.S. taxes has been headquartered in Miami, it was revealed Monday.

"This is a multi-corporation, multi-national operation, and the names of individuals involved may run into the thousands," Bernard Bailor, Justice Department attorney, told U.S. District Judge Joe Eaton.

Bailor named "Creedence Clearwater Revival," a successful rock group that has broken up, as one of the entertainment groups indicted by a federal grand jury in California in connection with the probe.

"OTHER INDICTMENTS are pending," said Bailor, "and I cannot comment on them."

Bailor said the investigation is a combination of grand jury probes from other parts of the country, plus, "Operation Tradewinds," "O-

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~~eration Decode" and "Project Haven," all of which had similar goals in seeking to expose bank accounts set up for income-tax evasion.~~

IRS officials allege that the scheme was a conspiracy and was devised by "a group of prominent attorneys with offices in Chicago, Miami and San Francisco," to put investors' money in secret, numbered trust accounts in foreign banks so that it could not be located by U.S. tax agents.

"This probe may take a year to 18 months, maybe longer," said Bailor, noting that at least three Florida grand juries and grand juries in Chicago, Los Angeles and San Francisco also have considered the charges but have been unable to complete the work for lack of time or resources.

AND THE probe is complex, Bailor said. "You could not just drop this down in front of 24 average Americans and say 'Tell us if there is an indictment in there.' I don't even know if there is an indictment in there. I think there is, but I have to depend on experts."

"This is the first time that everything we have has been pulled together in one place at one time," said Bailor outside the hearing room where attorneys for the Bank of Perrine were seeking to quash a grand jury subpoena for records of Castle Bank and Trust Company Ltd. of the Bahamas and other individuals and corporations.

Judge Eaton denied the request to throw out the subpoena and told the bank to allow IRS and the grand jury to continue possession of the records for the purposes of criminal prosecution.

But Judge Eaton also ordered the IRS not to use any information from the records or the records themselves as the basis for civil actions unrelated to the grand jury proceedings.

ATTORNEY Robert Josephberg, representing the bank, said he would appeal Eaton's ruling and demanded that the records be placed in a separate location from the IRS

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